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LETTER DATED 11 SEPTEMBER 1999 FROM THE PERMANENT REPRESENTATIVE OF IRAQ TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

On instructions from my Government, I have the honour to refer to your report dated 19 August 1999 on the status of implementation of the first 90 days of phase VI of the oil-for-food programme (document S/1999/896). I should like to draw your attention to the following:

Under paragraph 11 of Security Council resolution 986 (1995), the Secretary-General was requested to report to the Council every 90 days, on the basis of observation by United Nations personnel in Iraq and on the basis of consultations with the Government of Iraq, on whether Iraq had ensured the equitable distribution of humanitarian supplies for essential civilian needs, financed in accordance with paragraph 8 (a) of the same resolution, and to include in his reports any observations he might have on the adequacy of the revenues to meet Iraq's humanitarian needs and on Iraq's capacity to export sufficient quantities of petroleum to produce the sum referred to in the resolution.

The initial reports to the Council under paragraph 11 of resolution 986 (1995) were characterized by objectivity and conformity to the provisions of the paragraph in question. Of late, however, these reports have taken on a somewhat different cast: they have come to be selective and dominated by negative political formulas. The report dated 19 August 1999, published as document S/1999/896, is a good example of this trend away from objectivity. Some instances will be found below.

1. The report is wanting in objectivity in that in its evaluation of the implementation of the programme, it fails to take into account the criteria mentioned by Ambassador Amorim in his report to the Security Council (S/1999/356), including the following:

(a) A comparative analysis between the present situation and the one that prevailed before the imposition of sanctions;

(b) The impossibility of separating the various impacts of the sanctions: their overall economic, social, cultural and psychological repercussions on the Iraqi people must be taken into account. Food imports alone, for example, could not address the problem of malnutrition in the absence of a drive to

rehabilitate the infrastructure, especially as regards health care, water/sanitation and the electricity distribution system. Furthermore, it is essential to bear in mind the far-reaching effects of the sanctions, which will continue to harm future generations even after the sanctions have been lifted;

(c) The fact that basic humanitarian needs are being met through hand-outs does not contribute to stimulating the economy.

2. The report clearly disregards the approach specified in paragraph 11 of resolution 986 (1995), as well as the consistent tradition of previous reports, in that it was not prepared in consultation with the Government of Iraq. Furthermore, it is noticeable that in this report, as in several of its recent predecessors, the Office of the Iraq Programme in New York has altered the wording and summaries as they were received from the Office of the Humanitarian Coordinator in Baghdad with a view to pressing them into the service of what are clearly political objectives. This is not surprising in view of the fact that the official responsible for preparing the final draft of the report in the Office of the Iraq Programme is a British official who was transferred to the Office from the Ministry of Defence of the United Kingdom.

3. It is apparent to all that the most important lacunae in the proper implementation of the oil-for-food programme are the result of the action of the United States of America and the United Kingdom in placing humanitarian supply contracts on hold. Most regrettably, the Secretary-General's report attempts to marginalize this fact and does not even mention the names of the two States that have placed holds on more than 450 such contracts and on over 230 contracts for oil spare parts, contracts for materials and equipment that were included in the itemized lists prepared in the context of the visit to Iraq of the Technical Commission representing the Secretary-General. That Commission, it will be recalled, emphasized the urgent need for the materials and equipment mentioned in the list. The authors of the report may say that they do not deem it appropriate to mention States by name, but they do note that companies from 32 States, all of which are mentioned by name, have purchased Iraqi crude oil. Moreover, the report fails to mention the impact of these holds, including the creation of bottlenecks in the implementation of the oil-for-food programme (delays in shipments, delays in food distribution, piles of items that have been imported under approved contracts and are awaiting the arrival of supplementary items being procured under contracts which have been placed on hold, money piling up in the Iraq account, and so on).

4. In its review of financial aspects, the report neglects to include statistics relating to the programme's various accounts showing how, when and on what bases expenditures are made from them. In its discussion of adequacy of revenues, the report completely disregards the fact that one of the main reasons why resources are inadequate is that very substantial sums have been deducted for compensation, administrative and financial expenditures, the expenditures of the defunct Special Commission, and expenditures pursuant to resolution 778 (1992). The report also fails to include the reasons why funds are piling up in the 2.2 per cent account and the 0.8 per cent account. The fact is that the Iraq Programme is now holding $135 million in reserve, while the account of the defunct Special Commission has a reserve of over $50 million in it. These monies were supposed to revert to Iraq's account, to be spent for the

procurement of humanitarian supplies. Moreover, the fact that the deduction of 30 per cent for compensation is hamstringing the effectiveness of the programme should have been acknowledged. The former Humanitarian Coordinator, Mr. Halliday, admitted as much in a press release issued on 1 September 1999: "I believe," he said, "that reparations should be postponed until we are sure no Iraqi child is dying from lack of food, medicines or clean water supplies."

5. Paragraph 27 of the report contains detailed figures on the number of visits carried out by observers to silos, mills, warehouses and food distribution agents, but it does not say what the conclusions of those visits were. The reason is quite simple: those visits ascertained that distribution operations were being carried out fairly. Concealing this fact serves the interests of the United States and the United Kingdom.

6. In paragraph 15, the report states that the circulation of a considerable number of applications received under phases V and VI is being impeded because they include conditions that may be contrary to procedures. Here the report gives a distorted picture of what happened when the decision to establish the programme was taken: at the request of the representatives of the United States and the United Kingdom, no applications could be circulated if they contained any clauses safeguarding the rights of Iraq should importers supply goods that did not meet the stipulated conditions. The programme was established on that basis, although no written directives prohibiting the circulation of such applications were issued by the Security Council Committee established by resolution 661 (1990); this was a clear violation of the Committee's duties and responsibilities. What is curious is that in paragraph 99, the report calls upon Iraq to take effective steps to make sure that it deals with more reliable and reputable contractors ... It would have been more to the point for the programme to support Iraq's suggestions that contracts should contain clauses safeguarding its rights and requiring contractors to supply goods that meet specifications. Instead, the Security Council Committee, at the urging of the United States, opposes the inclusion of such clauses in contracts, and this can only encourage suppliers to ship shoddy goods that do not meet specifications into Iraq.

7. Many reports, including reports from domestic Iraqi sources and reports by outside organizations, have noted the alarming increase in the incidence of cancer in the country, including the incidence of cancer among children, as a result of the use of depleted uranium by the United States and the United Kingdom. In view of the fact that the report expresses concern about recent events, such as the drought that Iraq has been experiencing this year, it is particularly curious that nothing is said about the use of depleted uranium and its impact on the health of Iraqis, notably Iraqi children, whereas half a page is devoted to the need for better health and safety conditions for the five Saybolt Company employees working on the oil-loading platform at Mina al-Bakr. Surely the subject deserved some mention, and some trifling consideration might have been given to the possibility of an effort to cleanse central and southern Iraq of the effects of this radioactive weapon, which is killing tens of thousands of Iraqi children every year and will continue to affect future generations as well.

8. The report does not include any assessment of the way in which the Iraq Programme is carrying out its tasks, and it says nothing about the hundreds of applications that are languishing in the Programme's filing cabinets, allegedly for want of customs experts to perform the inspections that would be required. Nor does the report see fit to mention the lengthy periods of time which the Security Council Committee devotes to the task of approving applications. It should have included a statistical analysis of the time required for execution of a contract, including the time required for it to be registered and approved. This would have made it clear what protracted delays are due to the Committee.

9. Paragraph 43 attempts to inflate the issue of applications for the supply of high-protein biscuits and therapeutic milk, and to isolate that issue from its context and turn it into the subject of a British-American media campaign hostile to Iraq. As it happens, however, Mr. Dennis Halliday, the Iraq Programme's former Humanitarian Coordinator, demolished the entire issue in his press release of 1 September 1999, which included the following statement:

> "For anyone to imply that the men and women of the Baghdad Government, the Ministry of Health in particular, deliberately withhold basic medicines from children in great need is monstrous and says more about the unhealthy mind of the accusers than anything else. Those who know Arab peoples and the Iraqis in particular know better, and understand how important the well-being of children is to all."

10. The report makes no reference to various fundamental reasons why the oil-for-food programme has not been satisfactorily implemented, including the following:

- Delays of as much as 10 days or more in issuing approval for applications;

- The Security Council Committee is very slow in approving amendments to contracts and extensions to execution deadlines;

- Suppliers have to wait long periods before receiving payment for their goods by the bank that holds Iraq's account (BNP);

- The inspection agent, Cotecna Inspection S.A., does not cooperate with the Iraqi authorities in cases where the latter has found that goods are not in accordance with specifications. In such cases, the Iraqi authorities ask Cotecna to state in its final report that the goods have been found unsatisfactory and that payment should not be made to the supplier until such time as the problem has been resolved, but Cotecna systematically refuses.

11. The report refers to large quantities of water and sanitation supplies piling up in warehouses owing to shortages of skilled staff and inadequate transport. It does not mention the underlying causes of this situation, notably the problems arising from delays in approving applications followed by the approval of a number of them all at once, with the result that goods tend to arrive en masse, straining the available storage and transport facilities. As for shortages of skilled staff, the report disregards the negative impact that

the embargo is having on all areas of Iraqi society; one result has indeed been shortages of skilled staff. The transport sector, for its part, has suffered as a result of holds placed on applications for contracts to supply vehicles requested by the water and sanitation services. Contract No. 50923, for example, was placed on hold by the United States, on the pretext that the application had been submitted by the end user.

I should be grateful if you would have this letter circulated as a document of the Security Council.

(Signed) Saeed H. HASAN
Ambassador
Permanent Representative